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Attorneys for Mesirow Financial Interim Management, LLC,
the Debtors' Chief Restructuring Officer and Crisis Managers

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

| | | |
|-----------------------------------|---------|----------------------------|
| In re: | | Case No. BK-S-06-10725 LBR |
| USA COMMERCIAL MORTGAGE COMPANY, | Debtor. | Case No. BK-S-06-10726 LBR |
| _____ | | Case No. BK-S-06-10727 LBR |
| In re: | | Case No. BK-S-06-10728 LBR |
| USA CAPITAL REALTY ADVISORS, LLC, | Debtor. | Case No. BK-S-06-10729 LBR |
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|---|---------|----------------------------|
| In re: | | Chapter 11 |
| USA CAPITAL REALTY ADVISORS, LLC, | Debtor. | |
| _____ | | |
| In re: | | Jointly Administered Under |
| USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, | Debtor. | Case No. BK-S-06-10725 LBR |
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|---|---------|---|
| In re: | | SUPPLEMENT TO APPLICATION FOR ENTRY OF ORDER (I) FINALLY ALLOWING AND APPROVING ALL COMPENSATION AND EXPENSES INCURRED BY MESIROW FINANCIAL INTERIM MANAGEMENT, LLC IN ITS CAPACITY AS DEBTORS' CRISIS MANAGERS AND CHIEF RESTRUCTURING OFFICERS FOR THE PERIOD APRIL 13, 2006 |
| USA CAPITAL FIRST TRUST DEED FUND, LLC, | Debtor. | |
| _____ | | |
| _____ | | |

In re:
USA SECURITIES, LLC,

Debtor.

THROUGH MARCH 12, 2007; (II) ALLOWING AND APPROVING A SUCCESS FEE (III) AUTHORIZING APPLICATION OF THE RETAINER AGAINST THE ALLOWED FEES AND EXPENSES; AND (IV) AUTHORIZING PAYMENT OF THE BALANCE DUE

Affects:

- ☒ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA First Trust Deed Fund, LLC

Mesirow Financial Interim Management, LLC (“**MFIM**”) hereby files this supplement (the “**Supplement**”) to its application for entry of an Order (i) finally allowing and approving all compensation and expenses incurred by MFIM, in its capacity as the crisis managers and chief restructuring officers for USA Commercial Mortgage Company (“**USACM**”), USA Capital Realty Advisors, LLC (“**USA Realty**”), USA Capital Diversified Trust Deed Fund, LLC (“**DTDF**”), USA Capital First Trust Deed Fund, LLC (“**FTDF**”) and USA Securities, LLC (“**USA Securities**”, and collectively, the “**Debtors**”), debtors and debtors-in-possession in these chapter 11 cases (the “**Cases**”), for the time period beginning on April 13, 2006 and ending on March 12, 2007 (the “**Application Period**”), (ii) allowing and approving a success fee; (iii) authorizing application of the \$150,000 retainer against finally allowed fees and expenses; and (iv) authorizing payment of the balance due (the “**Final Application**”). [Docket No. 3552] In support of this Supplement, MFIM respectfully states the following:

1. On April 25, 2007, MFIM filed the Final Application, which is incorporated herein by reference and modified only as set forth herein. Any capitalized terms not defined herein shall have those meanings set forth in the Final Application.

2. In the Final Application, MFIM sought entry of an Order: (a) finally allowing and approving compensation in the amount of \$11,389,203.09 for 27,417.60 hours of services rendered, (b) finally allowing and approving expenses incurred in the amount of \$1,117,168.74 and (c) allowing a success fee in the amount of \$2,500,000.

1 MFIM sought payment of \$14,856.371.83, in the aggregate (after application of a \$150,000
2 retainer and net of all voluntary reductions).¹

3 3. On May 25, 2007, the Debtors filed a Stipulation and Joint Ex Parte Motion
4 to Extend the Deadline for Certain Parties to Object to Professionals' Fee Application (the
5 **"Stipulation"**). [Docket No. 3771] On May 29, 2007, this Court approved the
6 Stipulation. [Docket No. 3797] As noted in the Stipulation, the parties sought this
7 extension of time in order to facilitate the resolution of certain objections.

8 4. Prior to and after the filing of the Stipulation, there were numerous in
9 person meetings and telephone conferences among various representatives of MFIM and
10 various representatives of the USACM Trust, post-Effective Date DTDF and the FTDF
11 Committee to address areas of concern specifically raised by those constituencies with the
12 Final Application. As part of these discussions, the USACM Trust provided MFIM with a
13 draft of the contemplated objections to the Final Application, and MFIM discussed the
14 contemplated objections with representatives of the USACM Trust, post-Effective Date
15 DTDF and the FTDF Committee. As the chief restructuring officer and representative of
16 these estates, MFIM had a duty to make every effort to resolve these objections and avoid
17 the significant costs that would be associated with any litigation of the fee dispute. As a
18 result, MFIM, the USACM Trust, post-Effective Date DTDF and the FTDF Committee
19 worked diligently to resolve the contemplated objections to the Final Application, and
20 MFIM ultimately agreed to significant concessions, as set forth below, in order to reach a
21 negotiated resolution. To the extent that this Court has questions concerning the process
22 by which MFIM agreed to the concessions described herein, MFIM, as well as the USACM
23 Trust, post-Effective Date DTDF and the FTDF Committee, will be available to address
24 those questions at the June 22, 2007 hearing.

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27 ¹ MFIM has included estimated time and expenses in the amount of \$350,000 to be incurred
28 after the Effective Date in preparing this Final Application, defending this Final Application and reviewing
other final fee applications for the other professionals in these Cases. MFIM has included \$200,000 for its
estimated time and \$150,000 in estimated expenses relating to fees and expenses to be incurred by its
counsel, Greenberg Traurig, LLP.

5. As a result of the settlement discussions described herein, MFIM has agreed to modify its Final Application as follows:

- (a) waive the request for a \$2,500,000 success fee;
- (b) reduce its fees by eight percent (8%) or \$911,136.25; and
- (c) reduce its expense request by \$225,000, representing a reduction of (i) \$150,000 from the expense request relating to MFIM's counsel, Greenberg Traurig, LLP, for pre-Effective Date time and (ii) \$75,000 from the expense request relating to MFIM's counsel, Greenberg Traurig, LLP, for post-Effective Date time.

The modifications agreed to by MFIM are summarized as follows:

| | Fees | Expenses | Success Fee | Total |
|-----------------------|------------------------------|---------------------------|---------------|-------------------|
| Original Request | \$11,389,203.09 | \$ 1,117,168.74 | \$ 2,500,000 | \$15,006,371.83 |
| Agreed Upon Reduction | (\$ 911,136.25) ² | (\$ 225,000) ³ | (\$2,500,000) | (\$ 3,636,136.25) |
| Agreed Upon Total | \$10,478,066.84 | \$ 892,168.74 | \$0 | \$11,370,235.58 |

As a result of the agreed upon reductions, MFIM is reducing the amount requested in the Final Application by approximately 24% or \$3,636,136.25, including the success fee. MFIM is reducing the amount requested in the Final Application by approximately 9.1% or \$1,136,136.25, excluding the success fee. These reductions are in addition to the approximately \$1,300,000 in voluntary reductions taken by MFIM prior to filing the Final Application as set forth in Paragraphs 227 to 231 of the Final Application.

6. The FTDF Committee also raised issues relating to the allocation of approximately \$38,000 of fees to their estate. By agreement with the USACM Trust, MFIM will re-allocate fees totaling \$38,000 from the FTDF estate to the USACM estate.

² This represents an eight percent (8%) reduction of the fees requested by MFIM in the Final Application.

³ This number represents a reduction of MFIM's expense request relating to Greenberg Traurig LLP's fees as follows: (a) a \$150,000 reduction of the expense request relating to Greenberg Traurig, LLP for pre-Effective Date time; and (b) a \$75,000 reduction of the expense request relating to Greenberg Traurig, LLP for the post-Effective Date time.

1 Thus, the Final Application is modified to provide that (a) the allocation of fees to the
2 USACM estate is \$9,302,912.20 and (b) the allocation of fees to the FTDF estate is
3 \$1,248,924.10. These fees will be reduced by eight percent (8%) in accordance with the
4 above agreement.

5 7. It is MFIM's understanding that with the above reductions and adjustments
6 to the fees relating to the FTDF estate, the USACM Trust, the FTDF Committee and post-
7 Effective Date DTDF do not object to and will not file an objection to the Final
8 Application.

9 8. MFIM, along with the other creditor constituencies, recognizes that the
10 agreement reached as to the voluntary reduction of the Final Application by MFIM is
11 subject to this Court's independent duty to review the Final Application. MFIM will
12 provide any oral argument or evidence necessary to support the Final Application, as
13 modified herein.

14 WHEREFORE, based upon the foregoing MFIM respectfully requests that the
15 Court enter a final Order approving the following modified requests relating to the Final
16 Application: (a) awarding and finally allowing (i) compensation incurred during the
17 Application Period in the total amount of \$10,478,066.84 and (ii) actual and necessary
18 expenses incurred during the Application Period totaling \$892,168.74; (b) authorizing
19 MFIM to apply the \$150,000 Retainer against the fees and expenses finally allowed by the
20 Court; (c) authorizing and directing the Debtors to pay to MFIM the balance of all unpaid
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1 fees and expenses as allowed by the Court in the amount of \$11,220,235.58; and (d)
2 granting such other and further relief as the Court Deems just and appropriate.

3 Dated: June 6, 2007

4 Respectfully Submitted,
5 **GREENBERG TRAURIG, LLP**

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